

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 058952

EXDIS TOSEC 622

FOLLOWING TEL SENT ACTION DEPT, AMMAN, BEIRUT, DHAHRAN,
FROM JIDDA 16 MAR.

QUOTE: C O N F I D E N T I A L JIDDA 1861

EXDIS

E.O.: 11652: GDS

TAGS: ENRG, JO, SA, LE

SUBJ: YAMANI VIEWS ON TAPLINE

REF : STATE 058855 AND PREVIOUS

1. I RAISED INFORMALLY FUTURE OF TAPLINE WITH AHMED ZAKI
YAMANI, SAUDI MINISTER OF PETROLEUM. HE KNEW ALL ASPECTS
OF THE PROBLEM AND PROCEEDED TO TELL ME WHAT WAS WORNG;
I.E. JORDANIAN AND LEBANESE DESIRE FOR OIL AT CON-
CESSIONARY PRICES.

2. I SAID I THOUGHT THIS WASN'T THE ENTIRE PROBLEM AND
ASKED IF IT WERE REASONABLE TO EXPECT ARAMCO/TAPLINE TO
PAY MORE IN GOVERNMENT TAXES THAN ARAMCO PAYS FOR ITS
EXPORTS FROM RAS TANURA. HE SAID, "OF COURSE NOT," AND
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SAID THIS MATTER COULD BE "ARRANGED."

3. YAMANI SEEMED TO THINK THAT THE PROBLEM HAD BEEN BLOWN OUT OF PROPORTION. IT WOULD BE QUITE EASY, HE THOUGHT, FOR THE TRANSIT COUNTRIES TO WORK OUT WITH TAPLINE A FORMULA FOR PAYMENT OF TRANSIT FEES. HE SAID HE WAS WAITING FOR CURRENT PROPOSALS FROM LEBANON. THEY WILL HAVE TO UNDERSTAND, HE SAID, THAT IF THEY ARE TO GET ANY OIL THEY WILL HAVE TO PAY GOING PRICES. AND THEY WILL HAVE TO PAY FOR OIL THEY HAVE ALREADY RECEIVED. IF THEY NEED MONEY THEY CAN DISCUSS LOANS WITH THE SAG. (HE DID NOT RPT NOT SAY THAT THEY WOULD GET ANY.)

4. I ASKED IF SAUDI ARABIA INTENDED TO NATIONALIZE TAPLINE. HE LAUGHED. "NO, WE WANT THE AMERICAN FLAG TO FLY OVER TAPLINE FOREVER."

5. COMMENT: IT SHOULD BE EMPHASIZED THAT TAPLINE, WHEN OPERATING AT CAPACITY, IS VIABLE; IT IS NOT RPT NOT WHEN OPERATING ONLY FOR LEBANON AND JORDAN. IF SAUDI ARABIA IS WILLING TO TAKE NO MORE IN TAXES THAN IT GETS FOR OIL EXPORTED THROUGH RAS TANURA, AS YAMANI SAID IT WOULD, IT SHOULD BE RELATIVELY EASY TO WORK OT A FORMULA WHICH WOULD PERMIT THE REOPENING OF THE LINE FOR EX-PORTS. THIS OF COURSE ASSUMES GOOD FAITH ON THE PART OF THE FOUR TRANSIT COUNTRIES (ESPECIALLY SYRIA AND SAUDI ARABIA) AND NO DEMAND FROM ISRAEL FOR PAYMENTS. SAUDI ARABIA HAS GIVEN NO CONCESSIONAL RATES FOR OIL SALES TO ANY COUNTRY AND IS UNLIKELY TO START WITH JORDAN AND LEBANON. IT COULD GIVE A LOAN (THERE ARE SEVERAL PRECEDNETS) OR IT COULD GIVE A PROPORTION OF THE OIL TO EITHER (THERE IS AT LEAST ONE PRECEDENT FOR THIS), BUT IT WILL WANT TO GET FULL PRICE FOR WHATEVER OIL IT SELLS. AKINS UNQUOTE INGERSOLL

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